Patricia M. French
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(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nisource.com

July 10, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests:

From the Attorney General:

AG-15-16	AG-22-18	AG-22-20	AG-22-21	AG-22-22
AG-22-25	AG-22-28	AG-22-30	AG-22-31	AG-22-32
AG-22-35	AG-22-36	AG-22-43	AG-22-44 (Bulk)	
AG-26-3	AG-26-9			

From the Department:

DTE-1-16	DTE-9-15	DTE-7-19	DTE-15-35	DTE-15-46
DTE-15-47	DTE-15-48	DTE-17-7		

From the DOER:

DOER-1-9

From the MOC:

MOC-1-6 MOC-2-1 MOC-3-10

From MASSPOWER:

MP-1-27 MP-1-28 MP-1-29

From the UWUA:

UWUA-2-4 UWUA-2-22 UWUA-3-36

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)
A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)
Andreas Thanos, Assistant Director, Gas Division (1 copy)
Alexander Cochis, Assistant Attorney General (4 copies)
Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-15-16 Please provide bill impact analyses that incorporate the Company's proposed changes to all rate elements that a proposed to go into effect December 1, 2005. These impacts should include the most recent peak and off-peak CGAs and compare to the proposed the two load factor based CGAs proposed (based on the same data used to determine the most recent peak and off peak CGAs). The CGA components for the proposed rates should incorporate the proposed production and storage components, the proposed bad debt factor and other elements that will be set in the base rate case. LDAC rates should incorporate the elimination of the lost revenue charges, the addition of the proposed Pension/PBOB factor--other, unaffected LDAC elements should be those included in the most recent peak and off peak LDAC rates. Please provide all supporting calculations, workpapers and assumptions. Include a working spreadsheet model(s) supporting the response.

Response: The Company's proposed changes are essentially reflected in the proposed and/or revised rates in all bill impact analyses. The proposed rates calculated in Schedule JAF-2-1 and used in the bill impact analyses reflects the following:

- CGA:
  - SMBA gas costs – Lines 155 - 157
  - All new indirect gas costs, including the proposed Production and Storage and Bad Debt Expense – Lines 158-159
- LDAC:
  - Incremental LDAC rates and Revenue reflect Pension/PBOP test year amount moved from base rates of $5,630,282 – Lines 175 – 180.
  - Includes the test year LDAC that reflects the remaining lost based revenue ("LBR") recovery for LBR associated with the period through August 2004. Essentially "old" and "new" (effective Nov/Dec 2005) LDAC should reflect similar LBR.

Thus, the bill impact analyses presented in Schedule JAF-2-6 and JAF-2-7 reasonably reflect the level of base rates, CGA and LDAC proposed by the Company to go into effect by December 1, 2005.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-18 Refer to Schedule BSG/JAF-3-1, MDTE 35, page 10-1. How is the Company's "Gas Allowance" determined? Please provide the allowance calculations for the years 2000-2005. What was the amount of "Gas Allowance" provided by suppliers for each of the years 2000-2004. How does the Company account for the gas provided to the Company by suppliers as "Gas Allowance?" Is any benefit flowed through the CGA? How do these volumes affect the Company's unaccounted for gas?

Response: In accordance with the Company's Distribution and Default Service Terms and Conditions, M.D.T.E. No. 2, at 3, that became effective November 1, 2000, the Company uses the most recent twelve (12) month period ending July 31 to determine the "Gas Allowance" for the upcoming annual period of November 1 through October 31. The Gas Allowance for the years 2000-2004 (2005 unavailable) is as follows:

12-mos end - Dec. 31 July 31 --------------------------------------→

	2000	2001	2002	2003	2004
Thru-put	70,631,580	67,759,849	61,788,533	75,241,479	66,749,655
Sales	69,239,576	68,052,641	61,618,891	74,583,325	65,385,340
Diff. (UAF)	1,392,004	(292,792)	169,642	658,325	364,315
% UAF	1.97%	(0.43)%	0.27%	0.87%	0.55%

For each of the years, 2000-2004, the Company has been assessing suppliers1.0% Fuel Retention, or Gas Allowance, on their gas receipts, with the exception of assessing 2.09% Fuel Retention for the months of June 2003 – October 2003. The Company switched to this percentage in an attempt to comply with the tariff provision, as it was based on the 0.27% UAF and 1.82% of Company-Use gas for the 12-months ending July 31, 2002. However, because Company-use gas is collected through base rates, it should not be included in the Fuel Retention. Therefore, the Company reverted back to the 1.0% on November 1, 2002. A Fuel Retention of 1.0% requires suppliers to nominate / deliver gas volumes that are 1% greater than their customers'/pool's demand.

The additional 1% of gas delivered by suppliers to Bay State's system is used to meet firm sales customers' demand, a benefits to sales customers by providing gas supply with no costs. Another way to view Fuel Retention as a benefit to firm sales customers is that it reduces the unaccounted-for gas and associated costs for which they pay through the CGA. Essentially, the Gas Allowance volumes that are delivered to the Company's system reduce the overall system unaccounted-for gas.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-20 Refer to Schedule BSG/JAF-3-1, MDTE 35, page 13-11. Please provide the amount of the "capacity mitigation revenues" for each year 2000-2004. How does the Company account for these revenues? Do any benefits flow through the CGA? If no, please explain? If yes, provide the amounts for each year. Include all supporting documentation and calculations.

Response: To date, no suppliers have opted to take Capacity Mitigation Service from the Company. Thus, there have been no capacity mitigation revenues.

Pursuant to section 13.11.4 of the Terms and Conditions, the Company would retain 15% of proceeds (or margin) earned from the marketing of the capacity. None of the proceeds would be passed through the CGA since none of the associated capacity costs would have been charged through the CGA. Also, the 15% retention of proceeds was designed to create an incentive to the Company to work with the suppliers.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-21 Refer to Schedule BSG/JAF-3-1, MDTE 35, page 14-1. Does the Company charge suppliers for “complete” billing? If yes, provide the amount of the fees received for complete billing for each year 2000-2004. Explain how the Company accounts for these fees. Are they credited to costs? Do customers receive any benefit of the fees--if yes, how?

Response: The Company has not charged for standard “complete billing” service, as it has not obtained authorization from the Department for such a charge.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-22 Under what conditions does the Company pro-rate bills? Provide a copy of the Company's pro ration policies and procedures. If these policies and procedures have been approved by the Department, please provide a copy of the order or communication approving the practice. Is the Company proposing to change its policy as the result of this case? If yes, please explain the proposal.

Response: The Company pro-rates bills whenever there is a rate change, either a CGA change or base rate change. The pro-rating of bills whenever there is a CGA change was requested by the Department's Consumer Division beginning in 1999. In response to the Department's request, the Company began pro-rating bills with CGA changes on May 1, 2000.

The Company's pro-ration policy, or procedure, changed on May 1, 2004. Attached as Attachment AG-22-22(a) is a letter dated April 27, 2004, with attachments (1), (2) and (3). The letter describes the Company's new pro-ration procedure as compared to the previous routine. The attachments present the calculation of the prorated bill (page 1) and an actual prorated bill, both under the new and old pro-ration procedure. This letter served as a follow-up to a conference call that the Company had with the Department on April 1, 2004, explaining in writing the Company's explanation of its pro-ration procedures.

In addition, the Company pro-rates the volumetric base rate charges of bills of customers whose billing period use is for a partial month.

The Company is not proposing to change its pro-ration procedures as the result of this case.

April 27, 2004

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunication and Energy
One South Station
Boston MA 02110

Dear Ms. Cottrell:

I am writing to inform the Department of a change that Bay State Gas Company ("Bay State" or "the Company") will be implementing effective May 1, 2004 related to its bill pro-ration process and associated customer bill display. This letter also serves as a follow-up to a few conversations the Company has had with Department Staff, including a conference call on April 1, 2004 during which I explained to Staff the current and soon-to-be implemented bill pro-ration calculation. Participating in this conference call from the Department were Karen Robinson and Joslyn Day of the Consumer Division and Claude Francisco of the Rates and Revenue Requirement Division. Further, Staff has indicated to the Company that it has discussed this matter with Kevin Brannelly, Director of the Rates and Revenue Requirements Division and George Yiankos, Director of the Natural Gas Division, and that these two department heads have no objection to the Company's new pro-ration methodology.

<u>Background</u>:

The Company's current pro-ration routine has been in place for many years, at least as far back as into the 1970s. The pro-ration practice certainly has achieved the intended result of most fairly billing customers for gas use covering a period during which some or all of the Company's rates have changed. However, the complexity of this calculation and the difficulty of clearly illustrating it on a customer's bill have caused many customer inquiries over the years, both into the Company's Call Center and the Department's Consumer Division. Customers have expressed a range of emotions, mostly of a disapproving tone in the form of confusion, frustration and suspicion. The Company has received consistent feedback, especially over the past few years, from the Department's Consumer Division, as well as from the consumer divisions of the New Hampshire and Maine Public Utilities Commissions, the regulatory agencies that regulate Bay State's subsidiary Northern Utilities, Inc., acknowledging that the bill pro-ration generates negative customer feedback and expressing their desire for the Company to address this difficult customer relations issue.

<u>Current Bill Pro-ration</u>:

A utility's bill pro-ration should give proper weightings to the prior month and current month rates based on the gas consumption for each period during which separate rates are applicable. Further, since a utility's rate structure typically consists of step rates, such as declining block or in the case of Bay State a head and tail block, it is necessary to allocate the proper volumes to the step rates. To accomplish this proper/fair billing, the pro-ration routine carried out the following steps:

(1) Determine the gas consumption for each period (old rate/new rate periods) to the tenth of a therm by using customer account's estimating factors and actual degree days in each period. => [(Daily Base Load x # days in period) + (Use per DD x # DDs in period)];
(2) Use for each period (resulting from step #1) is scaled up to a full billing cycle use by dividing the use in each period by the pro-ration factor of: # of Days in each rate period / # Days in full billing cycle;
(3) Run full billing cycle use from step #2 through two step Rate Schedule;
(4) Scale back down the calculated bill amount of full billing cycle use from step #3 by multiplying the "effective prorate factor" by the calculated bill amount. The "effective pro-rate factor" is slightly different that the prorate factor used in step # 2 because it is based on the period use divided by the full billing cycle use (rather than by the ratio of days). This effective prorate factor eliminates virtually any imprecision due to rounding. Also, the monthly customer charge for each rate period is prorated by the pro-rate factor based on the number days used in step #2;
(5) The total base rate bill amount equals the sum of each rate period bill calculations resulting from steps #1 through #4;
(6) Finally, each rate period total bill amount includes the Cost of Gas Adjustment (CGA) and Local Distribution Adjustment Cost (LDAC) charges. These charges are calculated based on a straight application of the respective rate period CGAs and LDACs to the use in each respective rate period.

By scaling up the use of each rate period to a full billing cycle usage level, then calculating each period's full billing cycle bill, and then scaling down by essentially inversely applying the pro-ration factor used to scale up the use, the resulting prorated bill has properly given recognition to the step rate structure (use by block and associated rate). Attachment I, page 1, presents an example calculation of a pro-rated bill for a Residential Heating customer, using 44 therms for the period from October 15, 2003 to November 14, 2003, with 23therms determined to be used in the summer period from October 15 through October 31, 2003 (16 days) and 21 therms used in the winter period from October 31 through November 14, 2003 (14 days). The total bill amount is $53.73 for the full 30-day billing cycle. Page 2(a) and 2(b) of Attachment I represents the bill display that a customer is presented under the current bill pro-ration process. This bill display only shows each season's (or rate period) rate structure and the calculated total bill amount for each period and the sum of the two rate period amounts to arrive at the total bill. It is quite apparent that there is insufficient information on the bill display to enable the customer to figure out how the bill was calculated.

<u>New Bill Pro-ration</u>:

The new bill pro-ration methodology also gives proper recognition to the step rate schedule, and in fact produces the same bill amount as the current methodology described above. Thus, this change in bill pro-ration is revenue neutral to the Company and essentially does not impact the customers' billing amounts. While accomplishing the same resulting billing amount, this new pro-ration process is much simpler with fewer steps as follows:

(1) Same (virtually) as current pro-ration routine: Determine the gas consumption for each period (old rate/new rate periods) rounded to the whole therm (only difference from current routine) by using customer account's estimating factors and actual degree days in each period. => [(Daily Base Load x # days in period) + (Use per DD x # DDs in period)];
(2) Using the pro-ration factor, adjust the step (or block) **size** of the rate schedule;
(3) Apply or run the rate period use, determined in step #1, through the adjusted rate schedule determined in step #2. Also, apply the pro-ration factor to the monthly customer charge for each rate period bill calculation.
(4) The total base rate bill amount equals the sum of each rate period bill calculations produced in step #3;
(5) Same as step #6 in current pro-ration routine: Finally, each rate period total bill amount includes the Cost of Gas Adjustment (CGA) and Local Distribution Adjustment Cost (LDAC) charges. These charges are calculated based on a straight application of the respective rate period CGAs and LDACs to the use in each respective rate period.

The key step and difference from the current pro-ration methodology is step #2. By adjusting the rate schedules, each rate period's gas use does not need to be scaled up by the pro-ration factor, which in turn required the full billing cycle bill amount to be scaled down by inversely applying the pro-ration factor. Moreover, this more straightforward approach allows for a bill print that enables the customer to understand how the bill was calculated. Attachment II, page 1, presents an example calculation of the same pro-rated billing use and period for a Residential Heating customer presented in Attachment I under the current methodology. Of the total use of 44 therms, the summer (or old) period use is 23therms and the winter (or new) period use is 21 therms. The summer/old period is from October 15 to October 31, 2003 (16 days) and the winter/new period is from October 31 to November 14, 2003 (14 days). The total bill amount is $53.73 for the full 30-day billing cycle. Page 2(a) and 2(b) of Attachment II presents the bill display that a customer is presented under the new bill pro-ration process. Unlike under the current process, a customer can follow the calculation and understand how the Company arrived at the total pro-rated bill.

I hope that the Department has found this information helpful and that it effectively documents Bay State changing over to a new bill pro-ration effective May 1, 2004, as well as the Company's previous discussions with Department Staff on this matter. If the Department has any further questions, please do not hesitate to contact me.

Sincerely,

Joseph A. Ferro
Manager, Regulatory Policy

cc: Karen Robinson, MA DTE
Kevin Brannelly, MA DTE
George Yiankos, MA DTE
Stephen Bryant, Bay State Gas
Virginia Anthony, Bay State Gas
Patricia French, NCS

30311.2 - Summer to Winter 2003

Round Prorated Usage 0

Residential Heating Example
Current Proration Methodology

Attachment 1
Page 1 of 2

	Summer				Winter				Total
Start Date			10/15/2003				10/31/2003		
End Date			10/31/2003				11/14/2003		
Days			16				14		30
Allocated Usage			23				21		44
Prorate Factor			0.5333				0.4667		
Normalized Usage			43				45		
Effective Prorate Factor			0.5349				0.4667		
Customer Charge				**4.03**				**3.53**	**7.56**
Distribution Charges									
Block 1	30	0.2317	6.9510	3.72	45	0.4000	18	8.40	12.12
Block 2	13	0.1639	2.1307	1.14	0	0.2076	0	0.00	1.14
Total	43		9.0817	**4.86**	45		18	**8.40**	**13.26**
Distribution Adjustment	23	0.6861	15.7803	**15.78**	21	0.7898	16.5858	**16.59**	**32.37**
Cost of Gas	23	0.0131	0.3013	**0.3**	21	0.0116	0.2436	**0.24**	**0.54**
				24.97				28.76	53.73

STEP 1 - Using Estimating Factors and EDDs, Determine Seasonal Use => 23 (Summer/old) and 21 (Winter/new)

STEP 2 - Ratio up Use for Full Billing Cycle => 23 x 30/16 = 43 (Summer) and 21 x 30/14 = 45 (Winter).

STEP 3 - Run Seasonal, Full Billing Cycle, Use through Blocks of Rate Schedule.

STEP 4 - Resulting Bill Calculations "Ratio Back Down" (reverse ratio):

Cust Chg x seasonal days/total days (16/30 - summer & 14/30 - winter)
Base Rate Steps x "Effective Prorate Factor" (seasonal use / full cycle use --- 23/43 [0.5349] & 21/45 [0.4667]

30311.2 Summer to Winter 2003

Residential Heating Example
<u>New</u> Proration Methodology

Attachment II
Page 1 of 2

Round Steps Places 0

	Summer			Winter			Total
Start Date		10/15/2003			10/31/2003		
End Date		10/31/2003			11/14/2003		
Days		16			14		30
Allocated Usage		23			21		44
Prorate Factor		0.5333			0.4667		

Customer Charge				**4.03**				**3.53**	**7.56**
Distribution Charges									
Block 1	16	0.2317	3.7072	3.71	21	0.4000	8.4	8.40	12.11
Block 2	7	0.1639	1.1473	1.15	0	0.2076	0	0.00	1.15
Total	23		4.8545	**4.86**	21		8.4	**8.40**	**13.26**
Distribution Adjustment	23	0.6861	15.7803	**15.78**	21	0.7898	16.5858	**16.59**	**32.37**
Cost of Gas	23	0.0131	0.3013	**0.3**	21	0.0116	0.2436	**0.24**	**0.54**
				24.97				28.76	53.73

STEP 1 - Using Estimating Factors and EDDs, Determine Seasonal Use => 23 (Summer/old) and 21 (Winter/new)

STEP 2 - Adjust Block Size Based on Proration Factor => 30 x 16/30 =>16 (Summer) and 90 x 14/30 => 42 (Winter)

STEP 3 - Run Seasonal Allocated Use through Blocks of Rate Schedule.

****** NO ADJUSTMENTS TO "RATIO UP" USE TO FULL BILLING CYCLE; NO ADJ TO BILL AMT BY "RATIO DOWN."**

****AUTO**5-DIGIT 01109
00012055 1 AV 0.278 01
ALBERT JONES
79 MAPLEDELL ST
SPRINGFIELD MA 01109-3015

006 832 007 3

80006832007900000475711800001013033

12055 H

Billing Date
11/14/2003

Next Scheduled Meter Read
01/13/2004 to 01/15/2004

Meter Read Call-in
12/11/2003 1-800-532-6036

1-800-882-5454

Open-Close Acct.-Repairs
Call 413-781-3610 or
413-586-2400

For gas used Nov 1-Apr30, winter rates will be in effect resulting in an increase in the cost of gas to $0.7898 due to higher gas costs. The Distribution Adjustment Factor will decrease to $0.0116 due to lower conservation & environmental remediation.

Service Address
79 Mapledell St Springfield MA 01109-3015

Account Number	**Customer**	**Meter #**
006-832-007-3	Albert Jones	138184

Prior Balance and Payments					
Previous statement balance				10/15/2003	47.57
Balance before billing				11/14/2003	47.57
Charges for Gas Used					
RESIDENT HEAT -SUMMER PERIOD					
Delivery Charges:					
Customer charge			7.5600		
Distribution Charges					
First	30	x	.2317		
Additional		x	.1639		
Distribution Adjustment:					
All		x	.0131		
Supplier Charges:					
Cost of Gas:					
All		x	.6861		
Total Charges for Gas				$24.97	
Current billing for 16 days					24.97
Charges for Gas Used					
RESIDENT HEAT -WINTER PERIOD					
Delivery Charges:					
Customer charge			7.5600		
Distribution Charges					
First	90	x	.4000		
Additional		x	.2076		
Distribution Adjustment:					
All		x	.0116		
Supplier Charges:					
Cost of Gas:					
All		x	.7898		
Total Charges for Gas				$28.76	
Current billing for 14 days					28.76
Please pay this amount					$101.30

$101.30

P.O. BOX 830014
BALTIMORE, MD 21283-0014

12/12/2003

****AUTO**5-DIGIT 01109
00012055 1 AV 0.278 01
ALBERT JONES
79 MAPLEDELL ST
SPRINGFIELD MA 01109-3015

006 832 007 3

80006832007900000475711800001013033

12055 H

Billing Date
11/14/2003

Next Scheduled Meter Read
01/13/2004 to 01/15/2004

Meter Read Call-in
12/11/2003 1-800-532-6036

1-800-882-5454

Open-Close Acct.-Repairs
Call 413-781-3610 or
413-586-2400

Service Address
79 Mapledell St Springfield MA 01109-3015

Account Number	Customer	Meter #
006-832-007-3	Albert Jones	138184

Current billing (meter 138184) for 30 days
Meter Readings:

11/14 Actual	4250
10/15 Actual	4207
Total CCF used	43
Therm factor x	1.017
Total therms	44

Usage Comparison

	Current	**Year Ago**
Reading Type	Actual	Actual
Billing Days	30	32
Therms Used	44	68
Avg Daily Usage	1.5	2.1
Avg Daily Temp	46	43

$101.30

P.O. BOX 830014
BALTIMORE, MD 21283-0014

05/16/2004

ALBERT JONES
79 MAPLEDELL ST
SPRINGFIELD MA 01109-3015 AB

006 832 007 3

800068320079000004757118000010013033

3 H

Billing Date
04/20/2004

Next Scheduled Meter Read
05/12/2004 to 05/14/2004

Meter Read Call-in
05/12/2004 1-800-882-5454

1-800-882-5454

Open-Close Acct.-Repairs
Call 413-781-3610 or
413-586-2400

Service Address
79 Mapledell St Springfield MA 01109-3015

Account Number	Customer	Meter #
006-832-007-3	ALBERT JONES	138184

Prior Balance and Payments

Previous statement balance	04/20/2004	47.57
Balance before billing	04/20/2004	47.57

Charges for Gas Used 10/15/2003 thru 10/31/2003

RESIDENT HEAT - SUMMER SEASON

Delivery Charges:						
Customer Charge for 16 days				=	4.03	
Distribution Charges:						
First	16	x	.2317	=	3.71	
Next	7	x	.1639	=	1.15	
Distribution Adjustment:						
All	23	x	.0131	=	.30	
Supplier Charges:						
Cost of Gas:						
All	23	x	.6861	=	15.78	
Total Charges for Gas					$24.97	
Current Billing for 16 days						$24.97

Charges for Gas Used 10/31/2003 thru 11/14/2003

RESIDENT HEAT - WINTER SEASON

Delivery Charges:						
Customer Charge for 14 days				=	3.53	
Distribution Charges:						
First	21	x	.4000	=	8.40	
Distribution Adjustment:						
All	21	x	.0116	=	.24	
Supplier Charges:						
Cost of Gas:						
All	21	x	.7898	=	16.59	
Total Charges for Gas					$28.76	
Current Billing for 14 days						$28.76

**Billing for this service includes a correction to a previously issued statement

$101.30

P.O. BOX 830014
BALTIMORE, MD 21283-0014

05/16/2004

ALBERT JONES
79 MAPLEDELL ST
SPRINGFIELD MA 01109-3015 AB

006 832 007 3

800068320079000004757118000010130033

3 H

Billing Date
04/20/2004

Next Scheduled Meter Read
05/12/2004 to 05/14/2004

Meter Read Call-in
05/12/2004 1-800-882-5454

1-800-882-5454

Open-Close Acct.-Repairs
Call 413-781-3610 or
413-586-2400

Service Address
79 Mapledell St Springfield MA 01109-3015

Account Number	Customer	Meter #
006-832-007-3	ALBERT JONES	138184

Current Billing (Meter 138184) for 30 days
Meter Readings:

11/14 Actual	4250
10/15 Actual	4207
Total CCF Used	43
Therm Factor x	1.018
Total Therms	44

Please pay this amount **$101.30**

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-25 Please explain how the Company accounts for the revenue received from the mandatory assignment of capacity. Explain how the benefits flow through to the Company's CGA customers.

Response: All revenues from capacity assignment are credited to the pipeline or storage provider invoices. Thus, capacity costs charged through the CGA are net of the revenues from these assignments. Peaking Service capacity assignment is similarly credited to gas costs, but is recorded as a "Company Managed" credit since it is not a credit to an upstream capacity invoice. Therefore, all capacity assignment revenues flow through to CGA customers.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWENTY-SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: July 9, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-28 Please provide the amount of shared margins, by category, for the years 2000-2005. Include the total margin, by category, computation of threshold and margin flowed through CGA and LDAC. Include all supporting documentation, workpapers, calculations and assumptions.

Response: The annual margins (passed-back and Company-retained) for the years 2000-2004 are listed below. All Interruptible transportation margins not retained by the Company are passed back through the LDAC while all Interruptible sales, off-system sales and capacity release margins not retained by the Company are passed back through the CGAC.

Please see the "Reconciliation" tab of the Company's Cost of Gas filings with the Department, to which the Attorney General was copied for the computation of the thresholds for the specific margin categories. The filings made from September 2000 (2000-01 Peak Period CGA) to September 2004 (2004-05 Peak Period CGA) also provide more detail on the split between the margins that flowed through the CGAC or LDAC and the amount retained by the Company, through April 2004.

INTERRUPTIBLE SALES

Year	Total Margins	Pass-back	Co.-Retained
2000	547,924	547,924	0
2001	1,412,332	1,412,332	0
2002	1,010,521	1,010,521	0
2003	361,000	361,000	0
2004	556,832	518,585	38,247

INTERRUPTIBLE TRANSPORTATION

Year	Total Margins	Pass-back	Co.-Retained
2000	444,793	444,793	0
2001	436,722	435,376	1,346
2002	307,819	289,214	18,605
2003	0	0	0
2004	0	0	0

CAPACITY RELEASE

Year	Total Margins	Pass-back	Co.-Retained

2000	4,634,920	3,673,305	961,615
2001	2,134,413	1,943,459	190,954
2002	3,053,165	2,586,158	467,007
2003	2,627,000	2,315,000	312,000
2004	2,157,702	1,837,651	320,051

OFF-SYSTEM SALES

Year	Total Margins	Pass-back	Co.-Retained
2000	3,586,400	3,329,392	257,008
2001	1,598,047	1,258,821	339,226
2002	2,202,960	1,727,443	475,517
2003	1,342,000	1,009,000	333,000
2004	2,005,771	1,535,197	470,574

COMMONWEALTH OF MASSACHUSETTS
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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-30 Please provide the number of Interruptible Transportation customers for each of the years 2000-2005. For each Interruptible customer, provide the monthly volumes transported, the billed revenue and a copy of the contract in effect during the years 2000-present. The identities of the customers may be redacted but the contracts must be able to be identified with the appropriate customer and volume data.

Response: The Company had one Interruptible Transportation ("IT") customer during the years of 2000-2005. The customer terminated IT service in November 2002. Attachment AG-22-30(a) presents the volumes and billed revenue for the period of January 2000 to November 2002.

The contract is attached, as Attachment AG-22-30(b), with the identity of the customer withheld.

Attachment AG-22-30 (a)

Bay State Gas Company
Interruptible Transportation
Monthly Volumes and Billed Revenue

January 2000 through November 2002

(One Customer)

Month	Volumes (MMBtu)	Billed Revenue
2000 Jan	208,684	$ 27,667
Feb	203,439	$ 27,353
Mar	642,111	$ 53,673
Apr	381,234	$ 38,020
May	752,218	$ 60,279
June	438,764	$ 41,472
July	355,460	$ 36,474
Aug	480,189	$ 43,958
Sep	242,041	$ 29,669
Oct	376,044	$ 37,709
Nov	178,657	$ 25,866
Dec	124,926	$ 22,642
2001 Jan	56,047	$ 18,509
Feb	29,598	$ 16,922
Mar	10,701	$ 15,788
Apr	4,471	$ 15,415
May	4,477	$ 15,415
June	500,343	$ 45,167
July	674,560	$ 55,620
Aug	734,643	$ 59,225
Sep	591,593	$ 50,642
Oct	690,360	$ 56,568
Nov	931,877	$ 71,059
Dec	-	$ 15,000
2002 Jan	16,910	$ 16,161
Feb	80,277	$ 19,963
Mar	78,843	$ 19,877
Apr	242,610	$ 29,703
May	398,893	$ 39,080
June	321,760	$ 34,452
July	-	$ 15,000
Aug	1,219,343	$ 88,307
Sep	-	$ 15,000
Oct	106,893	$ 21,560
Nov	-	$ 15,000

BAY STATE GAS COMPANY
INTERRUPTIBLE TRANSPORTATION AGREEMENT

THIS AGREEMENT made and entered into as of this [redacted] 1997 by and between Bay State Gas Company, a Massachusetts corporation with headquarters at 300 Friberg Parkway, Westborough, Massachusetts (hereafter called "Bay State" or "Company"), and [redacted] (hereafter called "Customer"), pursuant to the following recitals and representations:

WHEREAS, Customer desires Bay State to transport on an interruptible basis such volumes of gas procured by Customer from any entity (including Bay State or any third party) (hereafter called "Customer's Supplier") for use at Customer's facility located at Stony [redacted] 01056 (hereafter called "Point of Delivery"); and

WHEREAS, Bay State, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions (as approved from time to time by the Massachusetts Department of Public Utilities ("MDPU"), and the conditions, limitations and provisions hereof, is willing to transport and deliver to Customer on an interruptible basis such volumes of gas delivered by Tennessee Gas Pipeline Company located at Houston, Texas (hereafter called "Customer's Transporting Pipeline") to Bay State's distribution facilities located at East Longmeadow, Massachusetts (hereafter called "Point of Receipt").

BAY STATE GAS COMPANY
INTERRUPTIBLE TRANSPORTATION AGREEMENT

ARTICLE 1: MAXIMUM DAILY TRANSPORTATION QUANTITY

Bay State shall provide interruptible transportation to Customer from the Point of Receipt to the Point of Delivery during any Gas Day up to a Maximum Daily Transportation Quantity of [redacted]

ARTICLE 2: DAILY DELIVERY SERVICE (DDS)

The Customer elects Daily Delivery Quantities ("DDQ") [redacted] for the purpose of managing Daily Imbalances. The DDQ rate shall be [redacted] per therm. The Monthly demand charge for DDS shall be calculated by multiplying the Customer's DDQ times the DDS rate.

ARTICLE 3: RATE

The charge to be assessed under this Agreement shall consist of a monthly Customer Charge o[redacted]for twelve (12) months; a monthly Demand Charge of[redacted] for twelve (12) months; and a Volumetric Charge o[redacted]er MMBtu for all gas transported under this Agreement.

In addition to the charges provided for above, Customer shall be subject to any applicable charges in accordance with the provisions of the Company's General Terms and Conditions and Transportation Terms and Conditions (as approved from time to time by the MDPU).

BAY STATE GAS COMPANY
INTERRUPTIBLE TRANSPORTATION AGREEMENT

ARTICLE 4: TERM

This Agreement shall become effective on the date hereof. This Agreement shall continue in full force and effect for an initial term of one (1) year. From the MDPU's approval hereof; provided, however, the Company shall be under no obligation to provide interruptible transportation hereunder and Customer will have no obligation to pay for interruptible transportation provided hereunder until a reasonable time (but not more than 7 days) after the MDPU has approved this Agreement, in form and substance acceptable to Bay State and Customer. Bay State and Customer agree to use reasonable efforts to support and obtain MDPU approval of this Agreement; Customer warrants and represents that it shall not, directly or indirectly, work against, delay or otherwise contest the MDPU's approval hereof. This Agreement shall continue beyond the initial term, unless terminated by either party with at least ninety (90) days prior written notice from either party to the other.

ARTICLE 5: AGREEMENT IN ITS ENTIRETY

This Agreement *(including the attached addendum)* and the references herein constitute the entire agreement of the parties for transportation service to the Customer's facilities, and there are no oral or written understanding or agreements between Bay State and Customer relating to the subject matter of this Agreement other than those expressed herein.

BAY STATE GAS COMPANY

INTERRUPTIBLE TRANSPORTATION AGREEMENT

Provisions of this Agreement shall be changed, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

All headings contained in this Agreement are for convenience only and shall not, in any way, affect the meaning of any provisions hereof. This Agreement may be executed in one or more counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which together shall constitute one instrument.

ARTICLE 6: ASSIGNMENT

Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights and obligations hereunder shall be made unless there first shall have been obtained the written consent of the other party.

ARTICLE 7: PUBLIC REGULATIONS

This Agreement shall be subject to Bay State's General Terms and Conditions and Transportation Terms and Conditions on file with the MDPU to the extent those Terms and Conditions are not inconsistent with the provisions of this Agreement. Upon request, Bay State shall provide the Customer with copies of Bay State's complete filed General Terms and

BAY STATE GAS COMPANY

INTERRUPTIBLE TRANSPORTATION AGREEMENT

Conditions and Transportation Terms and Conditions and thereafter provide all amendments or supplements to those documents promptly after filing.

Bay State is a public utility subject to the regulation by the MDPU. This Agreement, and all rights, obligations, and performance of the parties hereunder, are subject to all present and future applicable federal, state, and local laws, and to all present and future duly issued and promulgated orders, regulations, requirements, and other duly authorized actions of any governmental authority having jurisdiction over the subject matter hereof. Compliance by Bay State with any order of the MDPU or any other federal, state, or local governmental authority acting under claim of jurisdiction shall not be deemed to be a breach hereof.

ARTICLE 8: NOTICE PROVISION

Except as may otherwise be expressly provided herein, any notice required or desired to be served pursuant to this Agreement shall be in writing. In the absence of written notice of change of address to the other party to this Agreement, any such notice shall be hand-delivered or sent certified mail, return receipt requested, first class postage prepaid, or sent by nationally recognized express courier service (e.g., Federal Express, UPS, etc.) to Bay State or Customer at the following addresses:

Bay State: Bay State Gas Company
300 Friberg Parkway
Westborough, MA 01581
Tel: 508-836-7000
Fax: 508-836-7070

Customer: [redacted]

BAY STATE GAS COMPANY

INTERRUPTIBLE TRANSPORTATION AGREEMENT

ARTICLE 9: GOVERNING LAWS

This Agreement is entered into and shall be construed in accordance with the laws of the Commonwealth of Massachusetts. This Agreement shall not be interpreted either more or less favorably towards either party by virtue of the fact that such party or its counsel was responsible or principally responsible for the drafting of all or a portion hereof.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Agreement by their duly authorized officers:

Bay State Gas Company

By James D. Simpson
Name: JAMES D. SIMPSON
Title: SR V.P.
Date: 6/24/97

Joseph A. Ferro
Witness

By [redacted]
Name:
Title:
Date:

____
Witness

ADDENDUM

As an integral part of their Interruptible Transportation Agreement ("Agreement") Bay State Gas Company (Company) and the [redacted] Company (Customer) agree as follows:

Intraday Nomination Changes - Subject to available capacity in Company's existing distribution facilities, the Customer may change its nomination effective on any hour of the day to reflect changes in quantities to be delivered pursuant to this Agreement by notifying Company's Gas Control Center at least two hours in advance via telephone followed by the revised nomination transmitted by fax. Customer must coordinate and confirm its nomination change with its upstream pipeline transporter.

No hourly nomination change requested pursuant to this provision shall be scheduled if the result would be a curtailment of any service which is scheduled and flowing on that day.

Balancing - In the event the Customer's daily imbalance quantity exceeds the allowed 10% tolerance; the Customer will be assessed a balancing charge equal to the [redacted] in accordance with Tennessee Gas Pipeline Company's Rate Schedule LMS-MA, or its successor.

To the extent that the provisions of this Addendum are inconsistent with any other parts of the Agreement between the Parties or the Company's Terms and Conditions on file with the MDPU, the provisions of this Addendum shall govern.

Bay State Gas Company

By James D Simpson
Title

[redacted]

COMMONWEALTH OF MASSACHUSETTS
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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-31 Please provide the number of low income customers that were served by the Company in each month during each of the years 2000-2005. The data should be supplied separately for heating and non-heating customer.

Response: See response to DTE-15-48.

COMMONWEALTH OF MASSACHUSETTS
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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-32 Please provide a copy of all formal Company policies and procedures regarding the low income eligibility determination, education and termination. Have these policies and procedures been approved by the Department? If yes, please provide a copy of the approvals.

Response: Bay State is presently gathering any requested policies and procedures and intends to supplement this response with such materials.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-35 Refer to the response to AG-9-5. Please confirm that the Company has no record of historical actual monthly bill determinants by rate block. If this is true, how can the Company assure that the rate design determinants are accurate and that the weather normalized revenues are accurate?

Response: The Company runs a bill frequency analysis, as needed. For this proceeding, a bill frequency was run at the end of the test year to accumulate each customer's monthly volumes into the head/tail blocks in which the volumes were billed. The Company then aggregates the monthly billing determinants by rate class and by season to develop its test year billing determinants. The Company ran two bill frequencies; one against actual calendar month sales and another against weather normalized calendar month sales. (See Schedule JAF-1-4 for both sets of billing determinants and the difference, which are the weather normalized volumes by rate block.)

The testimony of Joseph A. Ferro, Exhibit BSG/JAF-1, explains the process of developing the test year billing determinants by rate block.

COMMONWEALTH OF MASSACHUSETTS
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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-36 Does the Company's billing system retain the actual monthly demand bill determinants? If not, how can the Company assure that the rate design determinants are accurate and that the weather normalized revenues are accurate? If yes, were these actual determinants used in the weather normalization calculations to determine normal revenues and rate design determinants--if not, please explain why and what was used.

Response: Yes, the Company's billing system retains the actual monthly demand billing determinants. These actual billing determinants were not weather normalized, as the maximum daily use for each month for the Extra Large Volume class customers does not correlate with effective degree days (EDD). For instance, the observed maximum EDD in a month does not consistently fall on the same day as the day that the customer's maximum daily use occurred. High processing use and unique business operation schedules or characteristics are the primary reasons for the gas use of these customers lacking temperature sensitivity.

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DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-22-43 For each of the Company's current Special Contracts provide, for the years 2000-2003 and current year to date, the monthly billings and the corresponding bill determinants. Identify each customer by the code assigned in the response to AG-9-52. Provide all supporting workpapers, calculations and assumptions.

Response: Bay State does not maintain this information as part of its regular course of business, but is attempting to put together a schedule that will address the request. Bay State intends to supplement this response when the information has been gathered, reviewed and analyzed for a response.